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23 August 1958

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

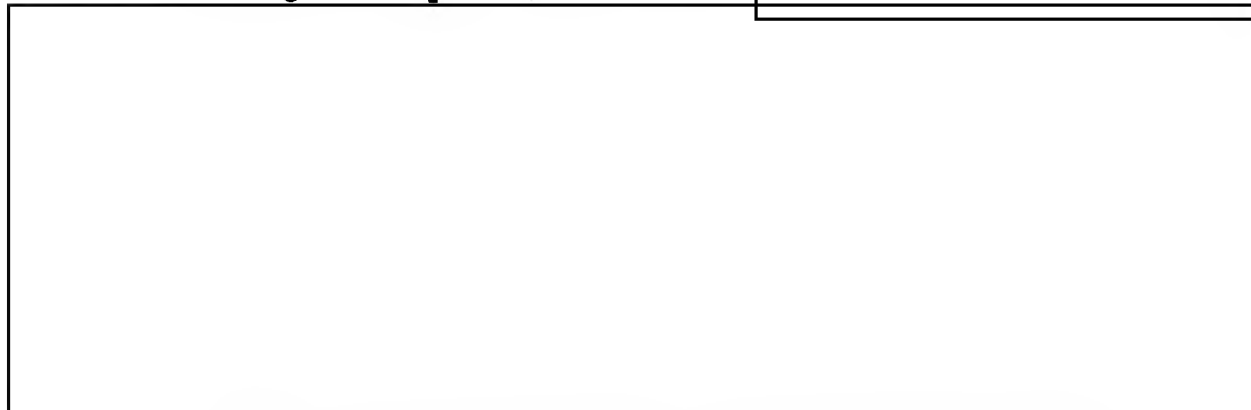
II. ASIA-AFRICA

No Middle East resolution: Nasir probably believes that the Arab-sponsored resolution serves his long-range interests. He may feel that the governments of Lebanon and Jordan will

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come under his influence in due course and that a show of moderation and a desire to cooperate with Hammarskjold at this time are the most effective tactics for obtaining the withdrawal of British and American forces from the area and increasing Arab prestige. The resolution's emphasis on agreements reached within the context of the Arab League may be consistent with reported UAR plans for a revival of the League as a pro-Nasir alliance.

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OK

Iraq: The Baghdad regime, now less apprehensive of Western military intervention, is permitting more open expression of anti-Western--particularly anti-American--sentiments which it had earlier tried to curb. While the present leaders with some exceptions appear to be relatively moderate, competition among factions may lead to still greater emphasis on anti-Western themes and possibly to early consideration of such moves as oil nationalization.

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No

Israel-UAR: The Israeli Army appears to be continuing its military preparations for any trouble arising out of the situation in Jordan. There are indications that armor is being concentrated near Beersheba in southwestern Israel. The UAR has complained publicly this week that Israeli patrols had crossed its frontier in this area.

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DAILY BRIEF

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OK
Pakistan: Prime Minister Noon's statement on 21 August that "we do not want Iraq to stay with us in the Baghdad Pact," may have been designed to encourage Iraq to make a formal break. Pakistani leaders have long believed that Iraq's involvement in Arab affairs created problems for the other Baghdad Pact members and that closer cooperation would be possible without Iraq. [REDACTED]

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OK
Greece: There are an increasing number of indications that the Karamanlis government may resign over failure to settle the Cyprus controversy. Any successor government, while basically pro-Western, might feel compelled to adopt a more neutralist policy. [REDACTED]

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Japan-Burma: Japan intends to grant a \$20,000,000 credit to Burma as part of a campaign to expand economic ties with free Asian countries. This loan will offer competition to the bloc economic offensive in Burma; the USSR has granted credits of \$37,000,000. Tokyo has already extended a \$50,000,000 credit to India and is studying similar action for Ceylon and Pakistan. [REDACTED]

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OK
Indonesia: Dissident troop defections apparently are proving a significant factor in the government's progress in subduing the insurgents in North Celebes. In North Sumatra, the dissidents' shortage of ammunition, following intensive action earlier this month, has forced at least a temporary cessation of guerrilla activities there. [REDACTED]
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II. ASIA-AFRICA

Iraqi Regime Moving Toward More Anti-American Policy

Although Iraqi Prime Minister Qasim and certain other ministers have given repeated assurances of friendship toward the US, the government is relaxing curbs on anti-Western--particularly anti-American--actions.

Among the disquieting signs of this trend are the rabble-rousing speeches of Vice Premier Arif, who harps on the "evils of imperialism"; the emphasis on "imperialist plotting against Syria" in the current "treason trials" for former military leaders; an attempt to "nationalize" the American Mission Hospital at Amara; and a refusal to allow reopening of the USIS and Military Advisory Assistance Group offices and interference with the work of Point IV technicians. Other irritants are restrictions on diplomatic pouches and diplomatic visas as well as on the communications and movements of the American consul at Kirkuk.

Public hostility toward Americans has been reflected in the spitting on and stoning of embassy officers, a rash of Iraqi student withdrawals from "imperialist" Point IV scholarships, and charges that Point IV has been used to organize "anti-Communist cells" for carrying out sabotage. Iraqi friends of Americans are afraid to be seen talking with them in public. Western contractors are experiencing labor troubles on the large development projects and some have intimated that they will accept no more new contracts, a move which might induce the Iraqis to look to the Soviet bloc for technical help.

Should the current Baathist-Communist struggle or other factional fights for influence assume wider proportions, individual members of the regime may feel compelled to voice increasingly anti-Western propaganda lines in order to retain their positions. It is likely that demands for denunciation of the Baghdad Pact and for "nationalization" of the nation's oil will be favorite themes, as well as the opening up of development contracts to the Soviet bloc.

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Pakistani Prime Minister Calls for Iraq to Leave
Baghdad Pact

Pakistani Prime Minister Noon said in a speech on 21 August that Iraq should leave the Baghdad Pact, that Pakistan believes Arab unity under the leadership of Nasir would lead to greater Islamic unity, and that Pakistan would be willing to enter a federation with Iran and Afghanistan. In contrast to his 8 March speech in which he threatened to leave all defense pacts if Western support for Pakistan on the Kashmir issue was not forthcoming, the recent speech was not anti-Western and explicitly defended the concept of collective security arrangements.

While Noon's statement may have been timed to impress public opinion prior to elections, Pakistani leaders have long believed that Iraq's involvement in Arab affairs created problems for the other Baghdad Pact members and that closer cooperation would be possible without Iraq. Pakistani leaders are unlikely, however, to approve his remarks on Arab unity because of their distrust of Nasir and his willingness to cooperate with the USSR. While recognizing that an accommodation with Arab nationalism is necessary, they probably hope that Arab unity will take the form of a loose federation rather than a united state.

Noon's offer to federate with Iran and Afghanistan may heighten Afghan suspicions of Pakistani intentions, as the Afghan leaders have already stated that they are not interested in such a federation. His remarks on Islamic unity may cause increased apprehensions in India, which has supported Arab nationalism but is fearful of the emergence of a pan-Islamic bloc.



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Greek Government May Resign Over Cyprus Dispute

Extreme pessimism regarding recent and anticipated future developments in the Cyprus controversy has been voiced by pro-Western Greek government leaders, and the cabinet has discussed resigning. Prime Minister Karamanlis has earlier said that he would have to resign if adverse developments in the Cyprus dispute continued.

Greek frustration over Cyprus reached a new high with London's 15 August announcement that it intended to begin implementation of a modified version of the British seven-year "Partnership" Plan for Cyprus. Provision for Turkish representation in the proposed Cyprus government and the general acceptance of "organic partition" between the two communities on the island made the plan unacceptable to Greek Cypriot Archbishop Makarios. His immediate rejection of the plan made eventual rejection by Athens a certainty.

The Cyprus issue is only one of many factors in a growing estrangement between Greece and the West which may lead Greece to dissociate itself--possibly even withdraw--from NATO. Large segments of the public and the government believe that Greece has been abandoned by the US in the Cyprus controversy and that Washington discriminates in favor of Turkey politically, economically, and militarily. In addition, cordial relations between Greece and the UAR have resulted in widespread condemnation in Greece of recent Western moves in the Middle East.

If the present government resigns, it will probably be followed by a weaker coalition of non-Communist parties--possibly under conservative leader Panagiotis Kanellopoulos. It is doubtful, however, that such a government could do more than its predecessor to reach a settlement of the Cyprus issue, particularly if Makarios refused to acquiesce in such moves.

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Japan Approves Economic Credit for Burma

The Japanese Government on 22 August approved a Burmese request for a \$20,000,000 credit to be used for purchasing Japanese products, probably machinery and other industrial products. The credit would be in addition to reparations payments to Burma and is part of a Japanese campaign to expand its own economic ties and counter Communist bloc penetration in the area.

Japan thus far has extended a \$50,000,000 credit to India and is studying similar action on requests from Ceylon and Pakistan. The credit to Burma would tend to counter a Sino-Soviet bloc economic offensive in which Peiping has offered a \$4,200,000 loan for construction of a textile plant and Moscow has extended \$37,400,000 in credits. The United States has lent \$42,300,000 to Burma.

Tokyo, fearful of Communist China's call for a boycott of Japanese products by Overseas Chinese residents in Southeast Asia and by price reductions of up to 20 percent on competitive Chinese products, is anxious to expedite measures for orienting Asian trade toward Japan. As one means of achieving this, Foreign Minister Fujiyama will ask for US assistance in establishing a multinational development fund for South and Southeast Asia when he visits Washington on 11 and 12 September for discussions of problems in American-Japanese relations.

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Indonesian Dissidents Suffering Losses

The surrender of three battalions of dissident troops at Tomohon has "broken the back" of the dissident movement in North Celebes. [redacted]

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[redacted] Djakarta army headquarters is now optimistic over the chances of a quick settlement with the North Celebes dissidents. [redacted]

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[redacted] the defection of the sector commander at Tomohon, their last major stronghold, caused its fall to central government troops on 16 August. [redacted]

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In North Sumatra, the dissidents [redacted] have suspended operations on 18 August because of a shortage of ammunition. They probably nearly expended their slim stocks of ammunition during their intensive campaign of hit-and-run attacks against government posts during the first half of the month. Despite supply difficulties, the North Sumatra dissidents have succeeded in denying to the central government all but a few major towns. [redacted]

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The Under Secretary of State

The Under Secretary of State for Economic Affairs

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The Deputy Under Secretary for Administration

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